

SUPPLIER AND ROYALTY AGREEMENT

THIS AGREEMENT made as of the 23rd day of November, 1999

BETWEEN:

DAD'S PRODUCTS COMPANY, INC., a corporation existing under the laws of the State of Pennsylvania

(hereinafter called "Dad's")

- and -

PET LIFE FOODS, INC., a corporation existing under the laws of the State of Illinois

(hereinafter called "Pet Life")

- and -

(Dad's and Pet Life being hereinafter each referred to as a "Buyer" or collectively referred to as the "Buyers")

- and -

GAINES PET FOODS CORP., a corporation existing under the laws of the Province of Ontario

- and -

GAINES PET FOODS, a partnership existing under the Province of Ontario

(hereinafter collectively referred to as the "Seller")

- and -

SHATO HOLDINGS LTD. a corporation existing under the laws of the Province of British Columbia

(hereinafter called the "Shareholder").

EXHIBIT

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WHEREAS the Seller has carried on the business of manufacturing, selling and distributing pet food and pet treats at the manufacturing facility located in Cobourg, Ontario;

AND WHEREAS the Buyers, the Seller, the Shareholder and Maple Leaf Marketing, Inc. entered into an asset purchase agreement (the "Purchase Agreement") dated the date hereof pursuant to which the Buyers agreed to purchase from the Seller certain assets;

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties hereto agree as follows:

ARTICLE 1 - DEFINED TERMS

1.1 In this Agreement and in any amendment to this Agreement, the following terms shall have the following meanings:

- (a) "**Affiliate**" means, with respect to any person, any other person controlling, controlled by or under common control with such person;
- (b) "**Business Day**" means any day other than (i) a Saturday or Sunday or (ii) a day on which chartered banks in Toronto, Canada are required to be closed;
- (c) "**Control**" (and its correlative terms) means the power, whether by contract, equity ownership or otherwise, to direct the policies or management of a corporation;
- (d) "**Existing Pet Food Customers**" means the buyers or buyer groups of the customers on Schedule "A" of the Seller as at the date of this Agreement (excluding future acquisitions and/or mergers of such buyer or buyer groups);
- (e) "**Existing Pet Food Products**" means any pet food product being produced by the Seller as at the date of this Agreement as listed on Schedule "A" attached hereto;
- (f) "**Existing Pet Treat Customers**" means the buyer or buyer groups of the customers on Schedule "A" of the Seller as at the date of this Agreement (excluding future acquisitions and/or mergers of such buyer or buyer groups);

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- (g) "Existing Pet Treat Products" means any pet treat product being produced by the Seller as at the date hereof as listed on Schedule "A" attached hereto;
- (h) "GAAP" means generally accepted accounting principles in Canada;
- (i) "Net Sales" means the gross amount actually received by the Buyers for sales made in a Royalty Year, less the amount of:
 - (i) trade, quantity and cash discounts allowed;
 - (ii) discounts, credits, refunds, rebates, chargebacks and retroactive price adjustments;
 - (iii) returns and allowances;
 - (iv) any tax imposed that is appropriately deducted from sales under GAAP;
 - (v) allowance for postage, handling, insurance and duties paid for and separately identified on the invoice or other documentation maintained in the ordinary course of business;
 - (vi) excise taxes, other consumption taxes, import/export taxes, customs duties and compulsory payments to governmental authorities; and
 - (vii) any other reasonable and customary deductions which according to GAAP are *bona fide* deductions from gross sales to determine Net Sales or are otherwise considered to be in respect of "cost of goods sold" according to GAAP;
- (j) such amounts being determined from the books and records of the Buyers maintained in accordance with GAAP, consistently applied;
- (k) "Products" means, collectively, the pet food and the pet treats to be produced by the Seller as described in Schedule "B";
- (l) "Purchase Order" has the meaning attributed to it in Subsection 2.1(c);
- (m) "Supply Period" means the period commencing on the date hereof and terminating on January 21, 2000;

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- (m) "Royalty Term" means the period commencing on January 1, 2000 and terminating on December 31, 2004; and
- (n) "Royalty Year" means the period from and including January 1 in any calendar year to and including December 31 in the same calendar year and the first Royalty Year shall be the period from and including January 1, 2000 to and including December 31, 2000.

ARTICLE 2 - SUPPLY OF PRODUCT

2.1 Agreement to Buy and Supply

- (a) During the Supply Period, Pet Life and Dad's agree to purchase and the Seller agrees to manufacture, supply and deliver the volumes of Products identified on Schedule B. In addition, Seller shall produce and deliver, as directed by Dad's and Pet Life, on January 21, 2000, to a location or locations designated by Pet Life and/or Dad's, a volume of Product equal to (i) two weeks of average weekly sales volume for single extruded treats, (ii) eight weeks of average weekly sales volume for dual extruded treats, (iii) one week of average weekly sales volume for Variety and U.S. Burger, (iv) three weeks of average weekly sales volume for Dry Cat and (v) four weeks of average weekly for Top Choice. All Variety production shall be complete by December 20, 1999. In addition, Pet Life shall purchase excess Product from Seller in the following amounts:
 - (A) up to one week average sales volume of single extruded treats, Variety, U.S. Burger, Dry Cat and Soft-Moist Products;
 - (B) up to four weeks average sales volume of dual extruded treats Products; and
 - (C) up to two weeks average sales volume of Top Choice Products.

To the extent Seller has inventory of Products on hand on January 21, 2000, in excess of the volume set forth above (the "Excess Inventory"), Pet Life and Dad's shall attempt to sell such inventory in the ordinary course of their business. To the extent such Excess Inventory exists and such Excess Inventory remains palatable and marketable, Pet Life and Dad's shall not produce or purchase such Products until such Excess Inventory is sold or is no longer marketable. Seller shall pay all costs related to the transportation, and/or storage of Excess Inventory. Seller shall be paid for Excess Inventory within seven days of the date that Pet Life or Dad's have received payment from a third party in respect of such Excess Inventory.

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- (b) Pet Life and Dad's shall pay the price identified on Schedule B for each Product, plus shipping cost pursuant to subsection (e) hereof. For all Product other than Excess Inventory, including shipping, Seller shall invoice Pet Life and Dad's on each Monday for all Product shipped in the prior week. Such invoice shall be payable in 21 days, but in no event shall the amounts due from Pet Life and Dad's exceed \$2,200,000(Cdn). Pet Life and Dad's shall have no obligation to purchase any Actrium inventory and Seller shall have no obligation to produce any Actrium product. Buyer and Seller agree to use their best efforts to work together to coordinate production schedules and any increase or decrease in Product requirements. Notwithstanding the foregoing, Seller is committed to producing and Buyer is committed to purchasing the Products identified in Schedule B and in Paragraph 2.1(i), (ii), (iii), (iv), and (v) of this Agreement.
- (c) Each of the Buyers shall, during the Supply Period, provide a written purchase order (a "Purchase Order") to the Seller directing the Seller as to the destination of the delivery of Products.
- (d) The Seller agrees to use all reasonable commercial efforts to meet the delivery dates specified in all Purchase Orders. The Seller shall promptly notify the Buyer of any delay or anticipated delay in meeting such delivery date and shall notify it of the date on which it believes delivery will be made. If Pet Life or Dad's, acting reasonably, determines that the Seller will not be able to produce and supply the Product required under this Agreement, Pet Life and/or Dad's shall take reasonable steps or expend funds to ensure production of the required Products. All such amounts expended shall be reimbursed by the Seller within 21 days of receipt by the Seller of an invoice setting forth the expenditures.
- (e) The Seller shall be responsible for all freight, postage, handling, insurance, shipping and all other costs relating to the delivery of the Products. Seller shall utilize the carriers suggested by Buyer to carry out the delivery of the Products. Buyer shall reimburse Seller for such costs within 21 days of receipt of an invoice setting out such cost together with such other back up information as may be requested by Buyer in order to substantiate such cost.
- (f) To ensure that labour will be available to produce the Products, Seller shall implement an employee retention program, which shall be funded by Seller.

2.2 Adjustment to Purchase Price

If, at any time during the Supply Period, the cost to the Seller of the raw materials comprising any item of Product as at the date hereof increases or decreases by more than 10%, then the Purchase Price of such Product produced after the date of such increase in raw material costs shall be

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increased or decreased by an amount equal to such increase in raw material costs used to produce such Product. The Seller shall provide the Buyers with such evidence and other documents as the Buyer may reasonably request as to such raw material costs.

2.3 Exclusivity

Except as otherwise contemplated herein, during the Supply Period and thereafter, the Seller and Shareholder shall not manufacture, distribute, sell or offer to sell the Products or any other pet product other than at the direction of the Buyers. Notwithstanding the foregoing, the Buyers shall be entitled to manufacture and/or purchase product which is the same or similar to an item of the Products from suppliers other than the Seller.

2.4 Quality Control

- (a) The Seller shall be solely responsible for the quality of the Products which it manufactures and shall comply with all the then current Good Manufacturing Practices regulations for pet food products as set forth and amended from time to time by the United States Food and Drug Administration (or any successor thereof), or comparable regulations issued by Health Protection Branch of Health Canada (or any successor thereof). The Products, when delivered in accordance with a Purchase Order, shall have a remaining shelf life of not less than nine months. The Products shall be produced in accordance with existing formulas and shall have the same appearance and quality as such products have had, or have been marketed as having, over the past 90 days.
- (b) If the Products delivered by the Seller fail to meet the quality standards set out in Section 2.4(a), then the Buyers have the right to return or cause the return of such Products to the Seller at which time the Buyers shall be relieved of their obligations to pay for such Products and such Products shall be deemed to have never been delivered for the purposes of this Agreement. Upon the return of such Products, the Buyers may, at their discretion, acting reasonably, require the Seller to replace such Products to the destination outlined in the original Purchase Order relating to such Products. Within seven days of the delivery of such replacement Products by the Seller, the Buyers shall pay to the Seller the Purchase Price attributed to such Products.
- (c) Each of the Buyers shall have the right at any time during normal business hours to inspect the Seller's production operations, quality control facilities, procedures and records with respect to the manufacturing and the standards and specifications of the Products in order to ensure the Seller's compliance with its obligations hereunder.

2.5 Return of Product by Customers

- (a) If a third party returns any Products delivered to them to the Seller or to the Buyer because of a failure by the Seller to meet the requirements set out in Schedule "B", a failure to meet the quality standards set out in Section 2.4 above or for any other reason whatsoever resulting from the actions of the Seller, then the Buyers shall be relieved of their obligations to pay for such Products, such Products shall be deemed to have never been delivered for the purposes of this Agreement and the Seller shall refund any amounts previously paid by the Buyers to the Seller pursuant to this Agreement in connection with the purchase of such Products.

2.6 Failure to Supply

- (a) The Parties hereby acknowledge that the Buyers' obligations to pay to the Seller the Purchase Price for any Products arises only upon the shipment by the Seller of the Product described in Seller's invoice which is to be issued on the Monday following each week of shipments. If Products listed in the invoice are not delivered, they are to be charged back against future payments due to Seller.

- (b) Notwithstanding any reasonable commercial efforts by the Seller, the Seller hereby acknowledges that a failure to supply any of the quantity of the Product described in Schedule "B" on the proposed delivery dates may have a material adverse effect on the relationship of the Buyers with its customers and, as a result, in addition to the remedies provided to the Buyer in Section 2.4(b), the Seller shall be obligated to pay to the Buyers direct and consequential damages suffered by the Buyers as a result of the failure to supply such Product. For the purposes hereof, consequential damages shall include, without limitation, the lost income to the Buyers resulting from the loss of future sales to any customers of the Buyers who have ceased to be customers of the Buyers or who have reduced the quantity of purchases from the Buyers as a result of such failure to supply.

2.7 Ownership of Products and Inventory

Title to Products passes to the Buyers upon delivery by the Seller of such Product to the destination specified in a Purchase Order.

2.8 Obligation to Operate Computer Systems

The Seller agrees to continuously, throughout the Supply Period, operate its computer systems (including, without limitation, all order/entry systems) consistently with the past practices of the Seller. The Seller agrees to make such changes in such computer systems as suggested by Buyer, provided that such changes are compatible with the existing computer systems of the Seller without the Seller incurring any extraordinary costs or expenses.

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2.9 License to Use Trademarks

- (a) Subject to the conditions and restrictions set out below, the Buyers hereby grant to the Seller a non-transferable right to use, on a non-exclusive basis, the trademarks (the "Trademarks") purchased by the Buyers as set out in Schedule 3.1(p) of the Purchase Agreement for the purposes of enabling the Seller to comply with its obligations to manufacture and supply the Products hereunder and for no other purpose.
- (b) The grant of the license hereunder this Section 2.9 shall terminate at the end of the Supply Period or such earlier date as the Buyers, in their sole discretion, may notify the Seller; provided however, that, notwithstanding the foregoing, the Seller shall, for a period of six months from the end of the Supply Period, have the limited use of the Trademarks which relate to any finished goods inventory which the Seller owns at the end of the Supply Period and which Buyer has declined to purchase for the sole purpose of selling such inventory.
- (c) The Seller undertakes to use the Trademarks in strict accordance with the quality standards set out in Section 2.4 above and with the instructions, standards of quality and trademark specifications supplied by the Buyers from time to time, and to use each of the Trademarks only in association with the manufacture and supply of the Products by the Seller hereunder.
- (d) The Seller undertakes not to authorize any third party to use the Trademarks.
- (e) The Seller acknowledges and agrees that it has no right, title or interest in or to the Trademarks, nor any part thereof, except the use of the same as herein set out and that nothing in this Agreement shall be construed as an assignment or grant to the Seller of any right, title or interest to the Trademarks.
- (f) The Seller agrees not to challenge, directly or indirectly, the Buyers' right, title or interest in the Trademarks or any one or more of them.

ARTICLE 3- ROYALTY PAYMENTS

3.1 Royalty Payments

In consideration of the agreement set forth in Section 2.3:

- (a) Dad's and Pet Life jointly and severally agree to pay to the Seller a royalty equal to 2% of the Net Sales of Existing Pet Food Products made by Dad's to Existing Pet Food Customers for each Royalty Year during the Royalty Term.

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- (b) Dad's and Pet Life jointly and severally agree to pay to the Seller a royalty equal to 2% of the Net Sales of Existing Pet Treat Products made by Pet Life to Existing Pet Treat Customers for each Royalty Year during the Royalty Term.
- (c) If the total royalty payments in any Royalty Year are less than \$300,000, Dad's and Pet Life shall jointly and severally make additional payments which, in the aggregate, equal to the amount which results when the amount of royalty payments made in such Royalty Year is subtracted from \$300,000. Notwithstanding the foregoing, in no event shall Dad's and Pet Life pay to the Seller less than an aggregate of \$75,000 per quarter as computed on a cumulative quarterly basis for the applicable Royalty Year.
- (d) The maximum royalty payments payable by the Buyers to the Seller hereunder in any Royalty Year shall be \$440,000. If any payments are made in error in excess of \$440,000, the Seller shall forthwith return any excess to Pet Life, as agent for the Buyer.

3.2 Payment Date

The royalty payments contemplated herein shall be made by the Buyer to the Seller within 30 days from the end of each quarter of each Royalty Year.

3.3 Reports

- (a) If the Seller has received royalty payments less than \$440,000 in any Royalty Year, then, within 90 days after the end of such Royalty Year, the applicable Buyer shall provide the Seller with a report of the Net Sales of Existing Pet Food Products or Existing Pet Treat Products to Existing Pet Food Customers or Existing Pet Treat Customers, as the case may be, made by such Buyer. All such reports of the Buyers are to be attested to and signed by a senior officer of such Buyer as being true, complete and accurate, and shall include all of the necessary information to permit the Seller to determine that the amount of the royalty payment paid by the Buyer for each Royalty Year is the full amount which is due and payable provided, however, that a Buyer shall not be required to identify sales to any specific customer.
- (b) The Seller agrees that all information contained in such reports provided by the Buyers is confidential and shall not be used by the Seller for any purposes other than calculating the Net Sales made during any Royalty Year.

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3.4 Books and Records

Each of the Buyers shall keep true and accurate records and books of account containing all data reasonably required for the computing of and verification of the Net Sales. Such records shall be retained for at least seven years following the payment therefor and shall be available during normal business hours for inspection by the Seller or its professional representatives for the purpose of verifying the Net Sales. In the event that any such inspection shows an underpayment by a Buyer for any Royalty Year, then such Buyer shall pay to the Seller the amount of such underpayment within 15 days of the completion of such inspection by the Seller in addition to interest which would have accrued on the amount of such underpayment at the U.S. prime rate from time to time charged plus 5% (calculated from time to time from the end of the preceding Royalty Year until the date on which underpayment is made to the Seller. In the event that any such inspection shows an underpayment by a Buyer in excess of five percent for the preceding Royalty Year, then such Buyer shall pay to the Seller the reasonable costs of the inspection incurred by the Seller.

ARTICLE 4- GENERAL PROVISIONS

4.1 Indemnification

- (a) The Seller hereby agrees to assume liability for, and does hereby agree to indemnify, protect, save and keep harmless each of the Buyers and their respective successors, assigns, legal representatives, agents and servants, from and against, any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses or disbursements (including legal fees and expenses) of any kind and nature whatsoever which may be imposed on, incurred by or asserted against either of the Buyers or any of their respective successors, assigns, legal representatives, agents and servants (whether or not also indemnified against by the manufacturer(s) or any other person), in any way relating to or arising out of this Agreement or any documents contemplated hereby, or the performance or enforcement of any of the terms hereof, or in any way relating to or arising out of all third party claims arising out of, or in connection with, the production by the Seller of the Products or the sale or consumption of the Products provided, however, that the Seller shall not be required to assume any liabilities for or indemnify the Buyers hereunder this Section 4.1 as a result of the negligence of the Buyers.
- (b) Under no circumstance will the aggregate costs payable by the Seller to the Buyers pursuant to Section 4.1(a) hereunder exceed the aggregate of the following amounts:
 - (i) the Purchase Price (as such term is defined in the Purchase Agreement); and
 - (ii) the aggregate of all amounts payable by Dad's and Pet Life pursuant to Section 3.1 hereunder.

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(c) No claim may be made hereunder by the Buyers against the Seller as a result of a breach of the representations, warranties and covenants of the Seller provided herein after the date which is two years from the end of the Supply Period.

4.2 Right of Set-Off

Each of the Buyers shall have the right to satisfy any amount owing from time to time by such Buyer to the Seller by reducing such amount by any amount from time to time owing by the Seller to such Buyer, howsoever arising (and whether arising under this agreement or otherwise) including any amount owing to such Buyer pursuant to the Seller's indemnification pursuant to section 4.1 hereof or pursuant to the Purchase Agreement.

4.3 Binding Arbitration

- (a) In the event of a dispute under this Agreement, the parties shall, by notice to the other party (a "Demand to Arbitrate"), elect that the matter be settled by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("AAA") by one arbitrator, chosen by the AAA, who shall administer the arbitration. The costs and expenses of any such arbitration shall be borne by the parties as determined by the arbitrator. Any such election to arbitrate shall be binding on all parties to this Agreement.
- (b) Should the arbitrator so appointed die, resign, refuse or become unable to act before a decision is given, the vacancy shall be filled by the AAA. The place of arbitration shall be Dallas, Texas. It is the agreement of the parties hereto that the arbitrator render a decision within six months of the date of the Demand to Arbitrate and that the parties use their reasonable commercial efforts to assist the arbitrator to render such decision within such time frame.
- (c) The award and all decisions of the arbitrator shall be final and binding upon the parties and there shall be no appeal therefrom to any court except as expressly permitted by the law of the place of arbitration. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. In the event of any conflict between the rules of the arbitral authority and this Section, the provisions of this Section shall govern.

4.4 Assignment

Neither this Agreement nor any of the rights, interests, or obligations hereunder shall be assigned by any of the parties hereto, whether by operation of law or otherwise; provided, however, that upon notice to the Seller and without releasing either of the Buyers from any of their obligations or liabilities hereunder, a Buyer may assign or delegate any or all of its rights or obligations under this Agreement to any Affiliate of such Buyer or any person with or into which such Buyer or any parent company of such Buyer merges or consolidates.

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The Seller agrees that upon receipt of written notice from a Buyer of such assignment, the Seller shall perform all of its obligations hereunder for the benefit of such Buyer's assignee and agrees to execute and deliver to such Buyer such documentation as such assignee may reasonably require.

Following the performance by Seller of its obligations pursuant to Article 2 hereof, Seller may assign its rights hereunder to any Affiliate of Seller; and upon receipt of written notice from Seller of such assignment, Buyer shall perform its remaining obligations hereunder for the benefit of such Seller's assignee, but nothing contained herein shall affect Seller's obligations hereunder.

4.5 Entire Agreement

This Agreement and all schedules attached hereto constitute the entire agreement between the parties hereto relating to the subject matter of this Agreement and supersede all prior agreements, letters of intent, understandings, agreements, representations, warranties or other provisions, express or implied with respect thereto, and no amendments of any provision hereof shall be binding on any party hereto unless consented to in writing by all parties.

4.6 Waiver of Breach

The parties hereto mutually covenant and agree that a waiver by any party of a breach of any of the terms of this Agreement by another party shall not be deemed a waiver of any subsequent breach of the terms of this Agreement.

4.7 Invalid Provisions

If any provision of this Agreement should be determined by a tribunal of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such determination shall not impair or affect the validity, legality or enforceability of the remaining provisions hereof, and each provision of this Agreement is to be considered separate, severable and distinct, except those which are an integral part of or are otherwise clearly inseparable from such invalid or unenforceable part or provision.

4.8 Currency

Unless otherwise indicated, all dollar amounts referred to in this Agreement are expressed in United States currency.

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4.9 Relationships of Parties

Nothing in this Agreement shall be deemed or construed to constitute between the parties hereto the relationship of principal and agent, nor to create any partnership, joint venture or other form of legal association of any nature whatsoever. None of the parties is hereby constituted a legal representative of another party for any purpose whatsoever; and neither is granted any right or authority hereunder to assume or create, whether in writing or otherwise, any obligation or responsibility, express or implied, or to make any representation, warranty or guarantee, or otherwise to act in any manner in the name of the other party.

4.10 Notice

- (a) All notices shall be in writing in English and shall be sent by registered mail or facsimile to the following addresses unless otherwise instructed by notice to the other party:

If to the Buyers to: Pet Life Foods, Inc.
c/o Sowell & Co.
3131 McKinney Avenue
Suite 200
Dallas, Texas 75204

Attn: Alan Brown

Facsimile: (214) 871-3320

Dad's Products Company, Inc.
P.O. Box 451
Meadville, PA16335

Attn: President

Facsimile: (814) 453-4530

with a copy to: Aird & Berlis

BCE Place
181 Bay Street
Suite 1800, Box 754
Toronto, Ontario M5J 2T9

Attn: Jay A. Lefton

Facsimile: (416) 863-1515

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- and -

Knox McLaughlin Gornall & Seunett, P.C.
120 West 10th Street
Erie, Pennsylvania 16501-1461

Attn: Robert G. Dwyer, Esquire

Facsimile: (814) 453-4530

If to the Seller, to:

Gaines Pet Foods Corp.
c/o Shato Holdings, Ltd.
4088 Cambie Street, Suite 300
Vancouver, B.C.
V52 2X8

Facsimile: (604) 874-4567

Attn: Sultan Thiara, Chief Financial Officer

with a copy to: Lang Michener

BCE Place
181 Bay Street
Suite 2500, Box 747
Toronto, Ontario M5J 2T7

Attn: Howard M. Drabinsky

Facsimile: (416) 365-1719

- (b) All notices shall be deemed to have been duly given and received (i) on the fifth Business Day following the sending thereof by registered mail, or (ii) on the day such facsimile is sent, provided such day is a Business Day, failing which it shall be deemed to be received on the next Business Day.

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4.11 Further Assurances.

The parties hereto covenant and agree to sign such other papers, cause such meetings to be held, resolutions passed and by-laws enacted, exercise their vote and influence, do and perform and cause to be done and performed such further and other acts and things as may be necessary or desirable in order to give full effect to this agreement and every part hereof. Each of the Buyers is hereby authorized by the Seller to cause this Agreement or other instruments to be filed or recorded for the purposes of showing such Buyer's interest in the Assets and the Seller agrees to execute and deliver all such instruments at the request of such Buyer and that such Buyer may execute and deliver such instruments for and on behalf of the Seller.

4.12 Counterparts.

This Agreement may be executed and delivered (including by facsimile transmission) in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties, it being understood that all parties need not sign the same counterpart.

4.13 Governing Law; Choice of Forum.

This Agreement is governed by the laws of the Province of Ontario (without reference to its rules of conflicts of law) and the laws of Canada applicable therein. Each of the parties hereto hereby irrevocably attorn to the non-exclusive jurisdiction of the courts of the Province of Ontario with respect to any matters arising out of this Agreement.

4.14 Successors and Assigns

This Agreement shall be binding upon and enure to the benefit of each of the Buyers and the Seller and their respective successors and assigns.

4.15 Time is of the Essence

Time shall be of the essence of this Agreement and of every part hereof and no extension or variation of this Agreement shall operate as a waiver of this provision.

4.16 Obligations Joint and Several

Unless otherwise noted herein, the obligations hereunder of the Buyers, on the one hand, and of the Seller and the Shareholder, on the other hand, are joint and several.

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4.17 Extended Meanings

In this Agreement, words importing the singular number include the plural and vice versa.

4.18 Guarantee by the Shareholder

The Shareholder hereby guarantees, as principal obligator and not as surety, in favour of each of the Buyers the due and punctual performance by the Seller of its obligations hereunder and agrees to indemnify each of the Buyers in respect of any failure by the Seller to duly and punctually perform its obligations hereunder. The guarantees and indemnities are given herein on the basis that same are unconditional and irrevocable and that such guarantees and indemnities shall not be abrogated, prejudiced or affected by any act or omission which would or might abrogate or prejudice or affect the liability of the Shareholder generally.

4.19 Change of Control of Buyers. The Buyers shall give prior written notice (the "Change of Control Notice") to the Seller at least 15 days prior to an anticipated date of either the sale, directly or indirectly, of greater than 50% of the voting securities of a Buyer or the sale, directly or indirectly, of all or substantially all of a Buyer's assets (either event being a "Change of Control"). If the Seller provides the Buyers, in writing within 15 days after the date of the Change of Control Notice, that the Seller, acting reasonably, is not satisfied that the creditworthiness of the party purchasing the securities or of the Buyer after giving effect to the Change of Control, in the case of a sale of the securities of a Buyer, or the party purchasing the assets of the applicable Buyer, in the case of a sale of the assets of a Buyer, is equal to or greater than the creditworthiness of such Buyer as at the date of the Change of Control Notice (failing which the Seller shall be deemed to have consented to the Change of Control for the purposes hereof), then the Change of Control may not be completed without the Buyers, contemporaneously with the closing of the Change of Control, paying to the Seller the amount which is equal to the present value (based upon a discount rate of 7.5%) of the future royalty payments (the "Remaining Royalty Payments") required to be made by the Buyers to the Seller during the remainder of the Royalty Term.

For the purposes hereof, each Remaining Royalty Payment shall be deemed to be made on the 30th day after the end of each quarter of the applicable calendar year and shall be equal to the amount which results when:

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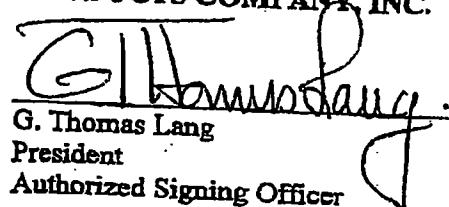
- (a) the sum of all royalty payments previously made by the Buyers to the Seller prior to the date of the Change of Control Notice is divided by
- (b) the number of calendar quarters of the Royalty Term attributable to the royalty payments referred to in (a) above.

In the case of a sale of the assets of a Buyer, if the Seller is satisfied with the creditworthiness of the party purchasing such assets as contemplated above, then such party shall be required to execute this Agreement and guarantee the obligations of such Buyer hereunder.

IN WITNESS WHEREOF this Agreement has been executed under seal by the parties hereto as of the date written above.

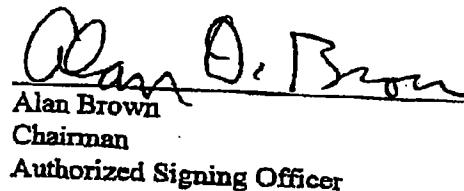
DAD'S PRODUCTS COMPANY, INC.

Per:


 G. Thomas Lang
 President
 Authorized Signing Officer

PET LIFE FOODS, INC.

Per:


 Alan D. Brown
 Chairman
 Authorized Signing Officer

GAINES PET FOODS CORP.

Per:


 Name: Kim Bortnak
 Title: Sec. Tres.
 Authorized Signing Officer

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GAINES PET FOODS CORP., in its capacity as a
partner of Gaines Pet Foods

Per:


Name: Kim Bartnak
Title: Sec. Tres.
Authorized Signing Officer

SHATO HOLDINGS LTD.

Per:


Name: Kim Bartnak
Title: V.P. Ass't. Sec. & Treasurer
Authorized Signing Officer

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S 000116

SCHEDULE "A"

Stop & Shop		
Stop & Shop Beef & Cheese 12/6 oz.	pet treat	Stop & Shop
Stop & Shop Chewy Bones 12/6 oz.	pet food	Stop & Shop
Stop & Shop Bite Size 12/6 oz.		Stop & Shop
Stop & Shop Variety 10/4 lb.		Stop & Shop
Stop & Shop Lean Variety 10/4 lb.		Stop & Shop
Stop & Shop Deli Cat 6/3.5 lb.		Stop & Shop
Kash N Karry		
Kash N Karry Chewy Bones 12/6 oz.	pet treat	Kash N Karry
Kash N Karry Beef & Cheese 12/6 oz.		Kash N Karry
Kash N Karry Bite Size 12/6 oz.		Kash N Karry
Kroger		
Kroger Beef & Cheese 12/6 oz.	pet treat	Kroger
Kroger Bite Size 12/6 oz.	pet food	Kroger
Kroger Chewy Bones 12/6 oz.		Kroger
Kroger Variety 10/4 lb.		Kroger
Kroger Lean Variety 10/4 lb.		Kroger
Kroger Lean Variety 1/20 lb.		Kroger
Kroger Variety 1/20 lb.		Kroger
Kroger Beef Burger 6/72 oz.	pet treat	Kroger
Kroger Cheese Burger 6/72 oz.		Kroger
Smith's		
Smith's Beef & Cheese 12/6 oz.	pet treat	Fred Meyer
Smith's Variety 10/4 lb.	pet food	Fred Meyer
Smith's Variety 1/20 lb.	pet treat	Fred Meyer
Smith's Beef Burger 6/72 oz.	pet food	Fred Meyer
Smith's Deli Cat 6/3.5 lb.		Fred Meyer
Laura Lynn		
Laura Lynn Variety 10/4 lb.	pet food	Ingles
Laura Lynn Variety 1/20 lb.		Ingles
Laura Lynn Premium Blend 6/3.5 lb.		Ingles
Pathmark		
Pathmark Variety 10/4 lb.	pet food	C&S
Pathmark Variety 1/20 lb.		C&S
Pathmark Gourmet Dry Cat 6/3.5 lb.		C&S

S 000117

60

Gaines Pet Foods											
Volume / Pricing Models for Pet Life											
US. Burger	Volume in Cases			Sales							
	Avg Week YTD	Opening Inventory	Scheduled Production	Total Available	Sales Nov 22-26	Sales Nov 29-3	Sales Dec 6-10	Sales Dec 13-17	Sales Dec 20-24	Sales Jan 10-14	Sales Jan 16-20
Beef Burger 13.5lb	630	4,495	1,802	6,300	630	630	630	630	630	630	5,040
Cheese Burger 13.5lb	1,267	4,730	7,940	12,670	1,267	1,267	1,267	1,267	1,267	1,267	1,250
Mo & My Dog Beef Burger 6/72 oz	149	1,084	406	1,490	149	149	149	149	149	149	1,134
Mo & My Dog Cheese Burger 6/72 oz	2,602	-	2,602	196	196	196	196	196	196	196	1,192
Food Lion Cheese Burger 3/6/6 oz	1,852	5,779	11,259	17,038	1,866	1,866	1,866	1,866	1,866	1,866	1,030
Food Lion Beef Burger 6/72 oz	576	1,444	3,655	5,299	518	518	518	518	518	518	1,666
Food Lion Cheese Burger 6/72 oz	768	1,931	5,135	7,068	691	691	691	691	691	691	1,153
Hannaford Cheese Burger 3/6/6 oz	255	1,204	1,346	2,550	255	255	255	255	255	255	5,528
Hannaford Cheese Burger 6/72 oz	167	1,550	1,650	167	167	167	167	167	167	167	2,041
Southern Home Beef Burger 6/72 oz	73	11	719	730	73	73	73	73	73	73	1,337
Southern Home Cheese Burger 6/72 oz	84	490	350	840	84	84	84	84	84	84	598
Southern Home Beef Burger 3/6/6 oz	86	409	451	860	86	86	86	86	86	86	688
Southern Home Cheese Burger 3/6/6 oz	108	114	966	1,080	108	108	108	108	108	108	174
Von's Beef Burger 6/72 oz	110	248	852	1,100	110	110	110	110	110	110	867
Von's Cheese Burger 6/72 oz	84	744	176	920	84	84	84	84	84	84	213
Safeway Beef Burger 6/72 oz	424	609	3,631	4,240	424	424	424	424	424	424	672
Safeway Cheese Burger 6/72 oz	672	547	6,173	6,720	672	672	672	672	672	672	672
Pet Club Beef Burger 6/72 oz	332	643	2,677	3,320	332	332	332	332	332	332	332
Pet Club Cheese Burger 6/72 oz	384	1,873	1,987	3,840	384	384	384	384	384	384	384
Kroger Beef Burger 6/72 oz	415	1,059	3,091	4,150	415	415	415	415	415	415	415
Kroger Cheese Burger 6/72 oz	632	1,305	5,015	6,320	632	632	632	632	632	632	632
Smith's Beef Burger 6/72 oz	79	56	734	790	79	79	79	79	79	79	79
Me & My Dog 10/4 lb.	368	3,339	-	3,339	388	388	388	388	388	388	3,107
Me & My Dog Cheese 10/4 lb @ \$1.99	435	1,228	2,252	3,480	435	435	435	435	435	435	3,477
Me & My Dog 10/4 lb.	248	257	1,727	1,984	248	248	248	248	248	248	1,987
Best 10/1.6kg (Canada)	985	1,248	12,542	13,790	985	985	985	985	985	985	7,883
Beef 6/1.6kg (Canada)	31	1,482	-	1,482	31	31	31	31	31	31	5,907
Beef 1/4kg (Canada)	245	1,421	2,009	3,430	245	245	245	245	245	245	1,233
Chicken 10/1.6kg (Canada)	357	869	4,129	4,988	357	357	357	357	357	357	1,964
Chicken 6/1.6kg (Canada)	23	881	-	881	23	23	23	23	23	23	2,852
Beef & Cheese 10/1.6kg (Canada)	53	192	550	742	53	53	53	53	53	53	695
Me & My Dog 10/4 lb.	319	53	-	53	53	53	53	53	53	53	319
Me & My Dog Cheese 10/4 lb @ \$1.99	243	423	-	423	423	423	423	423	423	423	319
Best 10/1.6kg (Canada)	985	1,248	12,542	13,790	985	985	985	985	985	985	7,883
Beef 6/1.6kg (Canada)	31	1,482	-	1,482	31	31	31	31	31	31	5,907
Beef 1/4kg (Canada)	245	1,421	2,009	3,430	245	245	245	245	245	245	1,233
Chicken 10/1.6kg (Canada)	357	869	4,129	4,988	357	357	357	357	357	357	1,964
Chicken 6/1.6kg (Canada)	23	881	-	881	23	23	23	23	23	23	2,852
Beef & Cheese 10/1.6kg (Canada)	53	192	550	742	53	53	53	53	53	53	695
Me & My Dog 10/4 lb.	319	53	-	53	53	53	53	53	53	53	319
Me & My Dog Cheese 10/4 lb @ \$1.99	243	423	-	423	423	423	423	423	423	423	319
Best 10/1.6kg (Canada)	985	1,248	12,542	13,790	985	985	985	985	985	985	7,883
Beef 6/1.6kg (Canada)	31	1,482	-	1,482	31	31	31	31	31	31	5,907
Beef 1/4kg (Canada)	245	1,421	2,009	3,430	245	245	245	245	245	245	1,233
Chicken 10/1.6kg (Canada)	357	869	4,129	4,988	357	357	357	357	357	357	1,964
Chicken 6/1.6kg (Canada)	23	881	-	881	23	23	23	23	23	23	2,852
Beef & Cheese 10/1.6kg (Canada)	53	192	550	742	53	53	53	53	53	53	695
Me & My Dog 10/4 lb.	319	53	-	53	53	53	53	53	53	53	319
Me & My Dog Cheese 10/4 lb @ \$1.99	243	423	-	423	423	423	423	423	423	423	319
Best 10/1.6kg (Canada)	985	1,248	12,542	13,790	985	985	985	985	985	985	7,883
Beef 6/1.6kg (Canada)	31	1,482	-	1,482	31	31	31	31	31	31	5,907
Beef 1/4kg (Canada)	245	1,421	2,009	3,430	245	245	245	245	245	245	1,233
Chicken 10/1.6kg (Canada)	357	869	4,129	4,988	357	357	357	357	357	357	1,964
Chicken 6/1.6kg (Canada)	23	881	-	881	23	23	23	23	23	23	2,852
Beef & Cheese 10/1.6kg (Canada)	53	192	550	742	53	53	53	53	53	53	695
Me & My Dog 10/4 lb.	319	53	-	53	53	53	53	53	53	53	319
Me & My Dog Cheese 10/4 lb @ \$1.99	243	423	-	423	423	423	423	423	423	423	319
Best 10/1.6kg (Canada)	985	1,248	12,542	13,790	985	985	985	985	985	985	7,883
Beef 6/1.6kg (Canada)	31	1,482	-	1,482	31	31	31	31	31	31	5,907
Beef 1/4kg (Canada)	245	1,421	2,009	3,430	245	245	245	245	245	245	1,233
Chicken 10/1.6kg (Canada)	357	869	4,129	4,988	357	357	357	357	357	357	1,964
Chicken 6/1.6kg (Canada)	23	881	-	881	23	23	23	23	23	23	2,852
Beef & Cheese 10/1.6kg (Canada)	53	192	550	742	53	53	53	53	53	53	695
Me & My Dog 10/4 lb.	319	53	-	53	53	53	53	53	53	53	319
Me & My Dog Cheese 10/4 lb @ \$1.99	243	423	-	423	423	423	423	423	423	423	319
Best 10/1.6kg (Canada)	985	1,248	12,542	13,790	985	985	985	985	985	985	7,883
Beef 6/1.6kg (Canada)	31	1,482	-	1,482	31	31	31	31	31	31	5,907
Beef 1/4kg (Canada)	245	1,421	2,009	3,430	245	245	245	245	245	245	1,233
Chicken 10/1.6kg (Canada)	357	869	4,129	4,988	357	357	357	357	357	357	1,964
Chicken 6/1.6kg (Canada)	23	881	-	881	23	23	23	23	23	23	2,852
Beef & Cheese 10/1.6kg (Canada)	53	192	550	742	53	53	53	53	53	53	695
Me & My Dog 10/4 lb.	319	53	-	53	53	53	53	53	53	53	319
Me & My Dog Cheese 10/4 lb @ \$1.99	243	423	-	423	423	423	423	423	423	423	319
Best 10/1.6kg (Canada)	985	1,248	12,542	13,790	985	985	985	985	985	985	7,883
Beef 6/1.6kg (Canada)	31	1,482	-	1,482	31	31	31	31	31	31	5,907
Beef 1/4kg (Canada)	245	1,421	2,009	3,430	245	245	245	245	245	245	1,233
Chicken 10/1.6kg (Canada)	357	869	4,129	4,988	357	357	357	357	357	357	1,964
Chicken 6/1.6kg (Canada)	23	881	-	881	23	23	23	23	23	23	2,852
Beef & Cheese 10/1.6kg (Canada)	53	192	550	742	53	53	53	53	53	53	695
Me & My Dog 10/4 lb.	319	53	-	53	53	53	53	53	53	53	319
Me & My Dog Cheese 10/4 lb @ \$1.99	243	423	-	423	423	423	423	423	423	423	319
Best 10/1.6kg (Canada)	985	1,248	12,542	13,790	985	985	985	985	985	985	7,883
Beef 6/1.6kg (Canada)	31	1,482	-	1,482	31	31	31	31	31	31	5,907
Beef 1/4kg (Canada)	245	1,421	2,009	3,430	245	245	245	245	245	245	1,233
Chicken 10/1.6kg (Canada)	357	869	4,129	4,988	357	357	357	357	357	357	1,964
Chicken 6/1.6kg (Canada)	23	881	-	881	23	23	23	23	23	23	2,852
Beef & Cheese 10/1.6kg (Canada)	53	192	550	742	53	53	53	53	53	53	695
Me & My Dog 10/4 lb.	319	53	-	53	53	53	53	53	53	53	319
Me & My Dog Cheese 10/4 lb @ \$1.99	243	423	-	423	423	423	423	423	423	423	319
Best 10/1.6kg (Canada)	985	1,248	12,542	13,790	985	985	985	985	985	985	7,883
Beef 6/1.6kg (Canada)	31	1,482	-	1,482	31	31	31	31	31	31	5,907
Beef 1/4kg (Canada)	245	1,421	2,009	3,430	245	245	245	245	245	245	1,233
Chicken 10/1.6kg (Canada)	357	869	4,129	4,988	357	357	357	357	357	357	1,964
Chicken 6/1.6kg (Canada)	23	881	-	881	23	23	23	23	23	23	2,852
Beef & Cheese 10/1.6kg (Canada)	53	192	550	742	53	53	53	53	53	53	695
Me & My Dog 10/4 lb.	319	53	-	53	53	53	53	53	53	53	319
Me & My Dog Cheese 10/4 lb @ \$1.99	243	423	-	423	4						

Gaines Pet Foods											
Volume / Pricing Models for Pet Life											
Volume in Cases		Volume		Volume		Sales		Sales		Sales	
Avg Week YTD	Opening Inventory	Scheduled Production	Total Available	Sales Nov 22-26	Sales Nov 23-3	Sales Dec 6-10	Sales Dec 13-17	Sales Dec 20-24	Sales Dec 27-31	Sales Jan 3-7	Sales Jan 10-14
Nuggets & Nibbles 10/4 lb	305	1,412	1,638	3,050	305	305	305	305	305	305	2,442
Nuggets & Nibbles 5/8 lb	263	1,435	1,195	2,630	263	263	263	263	263	263	525
Nuggets & Nibbles 5/8 lb@33.99	104	224	816	1,040	104	104	104	104	104	104	205
Nuggets & Nibbles 1/20 lb	380	4,803	-	4,803	380	380	380	380	380	380	380
Nuggets & Nibbles 1/20 lb@37.99	113	2,664	-	2,664	113	113	113	113	113	113	1,763
Nuggets & Nibbles 1/20 lb@36.98	113	1,780	-	1,780	113	113	113	113	113	113	903
Kash & Karry 5/8 lb	45	360	90	450	45	45	45	45	45	45	877
Food Lion Variety 10/4 lb	504	1,361	3,679	5,040	453	453	453	453	453	453	360
Food Lion Variety 5/8 lb	508	674	3,898	4,572	457	457	457	457	457	457	453
Food Lion Variety 1/20 lb	1,857	4,125	12,588	16,713	1,672	1,672	1,672	1,672	1,672	1,672	1,414
Billo Variety 10/4 lb	196	1,235	725	1,960	195	196	196	196	196	196	1,650
Billo Variety 1/20 lb	491	2,496	2,324	4,910	491	491	491	491	491	491	914
Richfood Variety 10/4 lb	45	-	-	-	-	-	-	-	-	-	3,341
Richfood Variety 1/17.6 lb@57.99	54	20	-	20	-	-	-	-	-	-	392
Hannaford Variety 1/20 lb	271	2,948	-	2,948	271	271	271	271	271	271	1,672
Southern Home Variety 10/4 lb	49	1,032	-	1,032	49	49	49	49	49	49	1,672
Southern Home Variety 1/20 lb	158	859	721	1,580	158	158	158	158	158	158	1,672
Southern Home Lean Variety 10/4 lb	28	165	115	280	28	28	28	28	28	28	1,265
Southern Home Lean Variety 1/20 lb	79	120	870	780	79	79	79	79	79	79	1,265
Finast Variety 10/4 lb	102	523	497	1,020	102	102	102	102	102	102	932
Finast Variety 1/20 lb	158	5,532	-	5,532	158	158	158	158	158	158	932
Finast Lean Variety 10/4 lb	36	423	-	423	36	36	36	36	36	36	1,265
Finast Lean Variety 1/20 lb	124	214	1,026	1,240	124	124	124	124	124	124	1,265
Pet Club Variety 10/4 lb	339	811	2,579	3,390	339	339	339	339	339	339	339
Pet Club Variety 1/20 lb	964	2,366	7,274	9,640	964	964	964	964	964	964	964
Stop & Shop Variety 10/4 lb	79	371	419	790	79	79	79	79	79	79	79
Stop & Shop Lean Variety 10/4 lb	-	239	11	250	25	25	25	25	25	25	25
Kroger Variety 10/4 lb	308	934	2,146	3,080	308	308	308	308	308	308	2,466
Kroger Lean Variety 1/20 lb	203	450	1,580	2,030	203	203	203	203	203	203	1,526
Kroger Variety 1/20 lb	910	926	8,174	9,100	910	910	910	910	910	910	404
Smith's Variety 10/4 lb	1,520	6,371	8,829	15,200	1,520	1,520	1,520	1,520	1,520	1,520	1,820
Smith's Variety 1/20 lb	56	172	388	560	56	56	56	56	56	56	1,520
Smith's Variety 10/4 lb	133	1,980	-	1,980	133	133	133	133	133	133	56
Laura Lynn Variety 10/4 lb	80	918	-	918	80	80	80	80	80	80	45
Laura Lynn Variety 1/20 lb	470	1,421	3,279	4,700	470	470	470	470	470	470	470
Pathmark Variety 10/4 lb	79	718	72	750	79	79	79	79	79	79	470
Pathmark Variety 1/20 lb	399	2,738	1,252	3,950	399	399	399	399	399	399	399
Wels Variety 10/4 lb	45	487	-	487	45	45	45	45	45	45	45
Wels Variety 1/20 lb@57.99	230	1,621	679	2,300	230	230	230	230	230	230	45
N&N Regular 8/1.8kg (Canada)	354	5,533	-	5,533	354	354	354	354	354	354	457
N&N Regular 8/1.8kg (Canada)	423	4,633	-	4,633	423	423	423	423	423	423	2,833
N&N Lean 8/1.8kg (Canada)	162	192	1,428	1,620	162	162	162	162	162	162	1,248
W.F. Variety Mix 8/1.8kg (Canada)	61	440	170	610	61	61	61	61	61	61	1,248
W.F. Variety Mix 8/1.8kg (Canada)	105	612	438	1,050	105	105	105	105	105	105	490
Super Saver Variety Mix 10/4.8kg (Canada)	65	1,935	2,000	2,000	200	200	200	200	200	200	844

S 000120

Weis	Pet Food	Weis
Weis Variety 10/4 lb. Weis Variety 1/20 lb. @ \$7.99 Weis Total Pet Dry Cat 6/3.5 lb.		Weis
		Weis
Harris Teeter	Pet Food	Harris Teeter
Harris Teeter Premium Blend 6/3.5 lb.		

S 000121

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SCHEDULE -

U.S.A. •

BRANDED	CUSTOMER
Jerky Jerky 12/3 oz. <i>Existing Pet Treat Product</i>	C&S Wholesale Olean Piggly Wiggly Super Valu
Sirloin Tips 12/6 oz.	Albertson's Brookshire C&S Wholesale Cohen Demoulas Fleming Furts Giant Golub Hannaford Merchants O.K.Grocery Olean Piggly Wiggly Richtofd Scot Lad Seaway Shaws Super Valu Winn Dixie
<i>Existing Pet Treat Product</i>	
Schnitzel 12/6 oz. <i>Existing Pet Treat Product</i>	Albertson's Dollar General Fleming Golub Olean Super Valu Winn Dixie
Chewy Bones 12/6 oz. <i>Existing Pet Treat Product</i>	Demoulas Marsh

Exhibit A

S 000122

Muncheez 12/6 oz. <u>Existing Pet Treat</u>	A.W.I. Demoulas Giant Golub Merchants O.K. Grocery Scor Lad
Nuggers & Nibbles 10/4 lb. <u>Existing Pet Food</u>	Brookshire Fleming Harris Teeter Merchants Piggly Wiggly Super Valu
Nuggers & Nibbles 5/8 lb. <u>Existing Pet Food</u>	Albertson's Fleming Igues Merchants Moyard Piggly Wiggly
Nuggers & Nibbles 5/8 lb. @ \$3.99 <u>Existing Pet Food</u>	Winn Dixie
Nuggers & Nibbles 1/20 lb. <u>Existing Pet Food</u>	A.W.I. Akel Cohen Demoulas Fleming Merchants Olean Seaway
Nuggers & Nibbles 1/20 lb. @ \$7.99 <u>Existing Pet Food</u>	Cohen Harris Teeter Scor Lad Super Valu
Nuggers & Nibbles 1/20 lb. @ \$6.99 <u>Existing Pet Food</u>	Winn Dixie

S 000123

Beef Burger 13.5 lb.	Brookshire Furr's Ingles Merchants Minyard Seaway Weis Winn Dixie
Pet Trout	
Cheese Burger 13.5 lb.	A.W.I. Albertson's Brookshire Furr's Merchants Minyard Richfood Scor Lad Scor Grocery Super Valu Winn Dixie
Pet Trout	
Me & My Dog Beef Burger 6/72 oz	H.E. Butt
Me & My Dog Cheese Burger 6/72 oz	H.E. Butt
Me & My Dog Beef 10/4 lb.	A.W.I. Akel C & S Fleming Giant Hannaford Jefferson Merchants Minyard O.K. Grocery Olean Richfood Scor Grocery Super Valu
Pet Food	
Me & My Dog Cheese 10/4 lb.	Harris Teeter Marsh Merchants Scor Lad Seaway Winn Dixie
Pet Food	

S 000124

Me & My Dog 10/4 lb. @ \$1.99	Demoulas Fleming Super Valu
Pet Food	
Love My Cat 6/3.5 lb.	Demoulas Fleming Marsh Richfood Scot Lad Seaway
Pet Food	
Petsmart	
Healthy Treats Veg. Bones 12/4.5 oz. Healthy Treats Veg. Bones 12/7.1 oz. Pet Treat	Petsmart Petsmart
Food Lion	
Food Lion Chewy Bones 12/6 oz. Food Lion Beef 'n Cheese 12/6 oz. Food Lion Bite Size 12/6oz. Food Lion Variety 10/4 lb. Food Lion Variety 5/8 lb. Food Lion Variety 1/20 lb. Food Lion Cheese Burger 36/6 oz. Food Lion Beef Burger 6/72 oz. Food Lion Cheese Burger 6/72 oz.	Food Lion Food Lion Food Lion Food Lion Food Lion Food Lion Food Lion Food Lion Food Lion Food Lion
BiLo	
BiLo Beef 'n Cheese 12/6 oz. BiLo Sausage 12/6 oz. BiLo Variety 10/4 oz. ViLo Variety 1/20 lb. BiLo Premium Blend 6/3.5 lb.	BiLo BiLo BiLo BiLo BiLo
Richfood	
Richfood Bite Size 12/6 oz. Richfood Sausage 12/6 oz. Richfood Variety 10/4 lb. Richfood Variety 1/17.6 lb. @ \$7.99 Richfood Premium Blend 6/3.5 lb.	Richfood Richfood Richfood Richfood Richfood

S 000125

Hannaford		
Hannaford Chewy Bones 12/6 oz.	Pet Treat	Hannaford
Hannaford Beef & Cheese 12/6 oz.	Pet Food	Hannaford
Hannaford Variety 1/20 lb.	Pet Treat	Hannaford
Hannaford Cheese Burger 36/6 oz.	Pet Treat	Hannaford
Hannaford Cheese Burger 6/72 oz.		Hannaford
Southern Home		
Southern Home Bite Size 12/6 oz.	Pet Treat	Brunos
Southern Home Beef & Cheese 12/6 oz.	Pet Food	Brunos
Southern Home Variety 10/4 lb.	Pet Treat	Brunos
Southern Home Variety 1/20 lb.	Pet Food	Brunos
Southern Home Lean Variety 8/4 lb.	Pet Treat	Brunos
Southern Home Beef Burger 6/72 oz.	Pet Food	Brunos
Southern Home Cheese Burger 6/72 oz.	Pet Treat	Brunos
Southern Home Beef Burger 36/6 oz.	Pet Food	Brunos
Southern Home Cheese Burger 36/6 oz.	Pet Food	Brunos
Southern Home Premium Blend 6/3.5 lb.	Pet Food	Brunos
Finast		
Finast Bite Size 12/6 oz.	Pet Treat	Tops
Finast Sausage 12/6 oz.	Pet Food	Tops
Finast Variety 10/4 lb.	Pet Treat	Tops
Finast Variety 1/20 lb.	Pet Food	Tops
Finast Lean Variety 10/4 lb.	Pet Treat	Richfood
Finast Lean Variety 1/20 lb.	Pet Food	Richfood
Finast Premium Blend 6/3.5 lb.		Richfood
Pet Club		
Pet Club Beef & Cheese 12/6 oz.	Pet Treat	Pet Club
Pet Club Sausage 12/6 oz.	Pet Food	Pet Club
Pet Club Variety 10/4 lb.	Pet Treat	Pet Club
Pet Club Variety 1/20 lb.	Pet Food	Pet Club
Pet Club Beef Burger 6/72 oz.	Pet Treat	Pet Club
Pet Club Cheese Burger 6/72 oz.	Pet Food	Pet Club
Pet Club Deli Cat 6/3.5 lb.	Pet Food	Pet Club

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Walmart	
ACTR1UM Biscuits - Skin & Coat 6/330g	Walmart
ACTR1UM Biscuits - Energy Boost 6/330g	Walmart
ACTR1UM Biscuits - Echinacea 6/330g	Walmart
ACTR1UM Biscuits - Shark Cart. 6/330g	Walmart
ACTR1UM Biscuits - Digestive 6/330g	Walmart
ACTR1UM Bones 12/128g	Walmart
ACTR1UM Bones 24/64g	Walmart
ACTR1UM Dry - Highly Active 6/3.8kg	Walmart
ACTR1UM Dry - Highly Active 1/9.1kg	Walmart
ACTR1UM Dry - Highly Active 1/10kg	Walmart
ACTR1UM Dry - Normally Active 6/3.8kg	Walmart
ACTR1UM Dry - Normally Active 1/9.1kg	Walmart
ACTR1UM Dry - Normally Active 1/10kg	Walmart
ACTR1UM Dry - Moderately Active 6/3.8kg	Walmart
ACTR1UM Dry - Moderately Active 1/9.1kg	Walmart
ACTR1UM Dry - Puppy 6/3.8kg	Walmart
ACTR1UM Dry - Puppy 1/9.1kg	Walmart
Harrison	
Titan Dry Dog 1/20kg	Harrison
Titan Dry Cat 1/20kg	Harrison
Holistic Gold	
All Natural Adult Dry Dog (Bulk)	Holistic Gold
All Natural Puppy Dry Dog (Bulk)	Holistic Gold
All Natural Dry Cat (Bulk)	Holistic Gold
Multi-Mar	
Variety Mix 10/1.8 kg	Multi-Mar

S 000127

6/1

<p>Safeway / Von's</p> <p>Von's Beef Burger 6/72oz Von's Cheese Burger 6/72oz Safeway Beef Burger 6/72oz Safeway Cheese Burger 6/72oz</p>	<p>Von's Von's Safeway Safeway</p>
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S 000128

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Final

Gaines Pet Foods

Volume / Pricing Models for Pet Life and Dad's

November 23, 1999

S 000129

Assumptions:

1. All sales volumes are based on YTD weekly trends. Actual weekly sales will vary depending on the timing of orders.
2. Sales projections are based on current trends and do not reflect any changes in the marketplace.
3. The weekly volumes and projections are strictly a planning tool. Weekly deviations may be significant, however in total the volumes are expected to be reasonable.
4. All volumes are in cases.
5. All dollars are in US\$.
6. Pricing to Pet Life and Da P's is 68% of Gaines current net selling price (selling price less cash discounts).
7. Pricing for the newer SKUs (Titan, Supersaver) is still in progress and will be forwarded when complete.
8. Production has been scheduled to achieve the following inventory levels at January 14:
 - Single extruded treats - 2-3 weeks
 - Dual extruded treats - 8-12 weeks
 - Variety - 1-2 weeks
 - US burger - 1-2 weeks
 - Soft-moist - none
 - Top Choice - 4-6 weeks
 - Dry Cat - 3-4 weeks
9. Variety production will be complete by December 20. The EDL, bundler and cat line can be removed after that date.
10. No production has been planned for Actrium (Walmart). Any requirements can be scheduled in place of Variety but only until December 20. Variety inventories would then be reduced accordingly (possibly to zero).

S 000130

